Advisory Council on Aging and Disability Services

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Creating choices for elders and adults with disabilities in Seattle-King County

Monthly Meeting
Minutes
May 9, 2003

ADVISORY COUNCIL

Present Marc Avni, Joanne Brekke, Thelma Coney, Cleo Corcoran, Timmie Faghin, John Holecek, Adam John, John Kennedy, Larry Low, Will Parry, Helen Spencer, Alexandra Tu, and Larry Verhei

Excused Martha Becker, Gabe Cohen and Lisa Yeager

Absent Steve Colwell, Yolanda Sanchez-Lovato, Richard McIver, and Suzanne Wiley

Guests Peter Greenfield, Dr. Robert Gross, Pat Melparol, Jerry Reilly, Karen Sluiter, David Trainer, Marta Vega, and Fred Yee

ADS Staff Pamela Piering, Selina Chow, Rosemary Cunningham, Karen Winston, Linda Wells, Margaret Casey, Doug Ricker, Lillian Tang, and Ozell Bledsoe

United Way Staff Linda Woodall

King County Staff Ken Shulman

MINUTES

The May Advisory Council meeting was held in the 13th Floor Conference Room, Alaska Building, 618 Second Ave, Seattle, WA.

Cleo Corcoran, Chair, convened the May Advisory Council meeting at 12:00 p.m. and asked everyone in attendance to introduce themselves. She introduced the guest speakers **Gerald Reilly**, a Public Policy Consultant and **Tony Lee**, Community Service Director, Fremont Public Association.

Program Topic: "Who Pays for Long Term Care in Uncertain Times?"

- **Gerald Reilly** provided background information and ideas about Long-Term Care (LTC) programs and current legislation in Washington State. He advanced two ideas regarding how to reform LTC financing. First, he proposed improving the quality of long-term care by establishing a private LTC insurance program and developing a mechanism to enable individuals to obtain financing based upon their assets. Medicaid should be returned to its original purpose of financing care for the indigent. To make this possible, the public needs to be educated on each individual's responsibility for meeting his or her long-term care needs. Second, he advocated for restructuring the tax system in Washington State to include an income tax. He proposed that by setting the income tax rate high enough, the state would re-capture funds that otherwise would have gone to the federal government.

The state could then spend the funds here on federal matching health care programs. This approach would generate a half billion dollars in federal funds which could better fund the long term care system. See attachments I & II.

- **Tony Lee** agreed that Washington State is in a horrible financial mess and that there is a need for a fundamental income tax reform. He cautioned that, if we go down the road of tinkering with the system making it more difficult to get on to a publicly funded LTC system, states throughout the country will tighten up the rules, restrict benefits thus making the LTC system more punitive and difficult to access, and it won't solve the problems. He suggested two ways to reduce problems in the current health care system including: 1) establishing a comprehensive national health care insurance system in which everyone could participate; and 2) restructuring the Social Security and Medicare-Medicaid Systems to better control long-term care costs. He also proposed that financing the LTC system solely through private means would not provide adequate funds to meet LTC needs due to projected future changes in demographics and the increasing rate of poverty among elderly persons. See attachment III.

BUSINESS MEETING

It was moved and seconded that the April 11th minutes be approved as submitted. Cleo Corcoran, Chair announced that Joanne Brekke has agreed to serve as the Advisory Council Parliamentarian.

Committee and Task Force Reports:

- **Planning and Allocation** **Thelma Coney**
  - Thelma reported that the P&A Committee was briefed by ADS Staff on the following: the 2003 discretionary budget process, the 2004 Discretionary Budget process, the National Family Caregivers Program, and the Revised Area Plan for 2002-03. There was discussion about the 2004 allocation process and clarification about discretionary versus mandated funds. ADS Staff provided a chart diagramming funding sources by service area and indicating programs that are mandated by the Older Americans Act.

Action: No actions taken.

- **Outreach and Advocacy Committee** **Gabe Cohen**
- **Health Care Task Force** **Martha Becker**
  - The Outreach & Advocacy Committee and the Health Care Task Force held a joint meeting this month. Larry Verhei reported on the presentation by a Veterans Administration (VA) representative who updated the committee on Veterans Benefits. He stated that VA funding has not increased for 2003-04. The VA is serving more people now due to an increase in service usage by baby boomers prompting revisions in eligibility criteria due to budget reductions. The VA is

transitioning to a Plus Choice System (similar to Medicaid) for people 65-years and older to cover their medical costs. Other topics discussed were the medical impacts of depleted uranium used in the Gulf War and a local National Cemetery in Maple Valley, Washington.

Action: No actions taken.

- **Key Partners Transportation Report** **John Holecek**
  - John reported that members from the Key Partners Transportation Workgroup scheduled a meeting with King County Executive to present recommendations by the Accessible Services Advisory Committee to improve coordination between community transportation services. Several key partners will attend a National Transportation Expo in Philadelphia in May 2003.

- **Directors Report** **Pamela Piering**
  - Pam reported on Senior Services' '*A Time of Our Life - A Celebration of Aging*' fair, organized to celebrate the 25th Anniversary of Senior Rights Assistance and the 40th Anniversary of Older Americans Month. The fair, held at the Seattle Center House, provided a one-stop event for attendees to gain insight and information about the over 50 participating resource agencies and programs. She proposed holding an AC meeting in conjunction with the Senior Services fair next year. The Healthy Aging Partnership received a $25K grant for the Sound Steps Walking Program administered through the Seattle Parks Department. The State set a budget that caps the rate of growth for COPES and Medicaid Personal Care and implemented cuts affecting King County residents. As part of the process of developing the 2004-2007 Area Plan, an ADS Staff meeting with representatives from each ADS unit was held in May to further discuss the Elder Goals. An ADS all staff meeting will be held in June to get input from staff regarding issues that should be included in the Area Plan.

The meeting was adjourned at 2:00 p.m.

NEXT MEETING

Day/date: **Friday, June 13, 2003**
Time: **12:00 p.m. to 2:00 p.m.**
Place: **13th Floor Conference Room**
Alaska Building, 618 Second Ave
Seattle, WA 98104

John Kennedy, Secretary ___________________________________

Attachment I

Coalition to Reform
Long-Term Care Financing

LTC CHOICE: Saving the Long-Term Care System

Objective: To prevent the collapse of Washington's long-term care system by returning Medicaid to its original purpose as a program to finance care for those who do not have the resources to pay for their own care. Without strong action, the state will be unable to maintain necessary long-term care funding as the "baby boomer age wave" leads to a doubling of the elder population over the next 20 years.

Ending the defacto Medicaid entitlement that has been created, and reducing the current heavy reliance on Medicaid to finance long-term care services, has the potential to save as much as $250 million in state funds each biennium once the reforms are fully implemented. If only as few as 10% of the future Medicaid caseload can be shifted to a self-pay basis, this alone will save $50 million each biennium. This approach will also give consumers greater control over their care and allow for adequate funding to support the best possible quality of care for the elderly and people with disabilities.

Reforms: **1)** Return Medicaid to its original purpose of financing care for those indigent individuals who cannot pay for their own care. Require individuals, who are able to afford it, to utilize their personal assets to finance the LTC services they require.

2) Develop a mechanism to enable individuals to obtain financing based upon their assets and to be paid by their estates only after both the individual and any surviving spouse have died.

3) Educate the public on each individual's responsibility for meeting his or her long-term care needs.

Benefits: **Long-term care consumers** will have more choices and better access to the services they want as more of them enter the market as private buyers.

Long-term care providers will see their costs met and be able to meet changing consumer preferences in a market that is two-thirds private.

State budget writers will experience a significant drop in demand for scarce public resources.

Medicaid-sponsored residents will receive better care because government payers will be able to pay on a more adequate basis since they will responsible for fewer eligible people.

Attachment II

SO YOU WANT TO BE A BILLIONAIRE
By
Gerald J. Reilly

Demographics are destiny. Every day in the United States fifty thousand people reach the age of fifty. By 2015 these people will begin to turn sixty-five. Older people use three times as much health care services, per capita, as younger people. How are we going to pay for this?

In Washington State we cannot afford to maintain the public costs for our current health care obligations to the poor, the young, the disabled, let alone the elderly. The supplemental budget just adopted by the legislature will spend $1.4 *billion* more than we will collect in revenues this biennium. Additional cuts imposed on health care to help balance this budget will further damage a system already in serious trouble.

What if you learned that one billion dollars in additional federal funds were available to us each year to improve funding for our health care system? Would you take steps to secure this money? Well, the funds are available and there are measures we can take to obtain them.

Each year Washington State taxpayers send about five hundred million dollars to Washington D.C. because of the way we raise state revenues with our heavy reliance upon the sales tax. State sales tax expenses are *not* deductible for Federal income tax purposes. If Washington State raised an equivalent amount, through a replacement income tax, we would be able to keep one half billion dollars here, because the income tax expense *is* deductible.

If we keep this one half billion dollars in the public sector, by setting the tax rate high enough to re-capture the funds that otherwise would have gone to the federal government, and spend it here on federally matchable health care programs, it would generate another one half billion dollars in federal funds. We would then have produced a total of one *billion* dollars in additional support for essential health care services without a *single* dollar of increased net tax revenue within the state.

To replace the 7.6 billion dollars we now raise annually by our state and local sales taxes (8.3%) with an income tax would require a tax rate of 4.5%. To recapture the funds we now send the federal government, because of the non-deductibility of the sales tax, would require an additional .3% for a total income tax rate of 4.8%.

Is this feasible? It would take an amendment to our state constitution. This requires a two-thirds vote in each House of the legislature and a vote of a majority of the people at a general election. The last time the income tax was on the ballot in 1973 it was soundly defeated. It would be a very difficult challenge. Nonetheless, would you like to find a billion dollars for health care without any net increase in taxation on Washington people? I would. Let's figure it out. Let's get started.

Attachment III

Long-term Care Financing

By Tony Lee

We need comprehensive reform of the long-term care financing system rather than tinkering at the edges. There are several reasons why comprehensive reform is needed.

The first is that demographic trends will result in doubling the number of elderly persons by 2035, thus putting significant strain on our long-term care system.

The second reason is that the elderly population is becoming poorer, and thus will not be able to afford to pay for long-term care insurance or other private financing schemes. For example, pension income has dropped in the last decade as more and more plans switch from a defined benefit to a defined contribution plan. Only 43% of elderly men have private pensions and only 28.5% of elderly women have private pensions.

20% of near retirees will retire in poverty and 43% will be unable to retire at one-half their previous income - - which is an increase from 30% in the last decade.

The average Social Security benefit is only $800 per month. The bottom 40% of the elderly derive 80% of their income from Social Security and even the middle 20% derive almost 65% of their income from Social Security.

The third reason is that Medicaid, which is the primary public funding source of long-term care, is in deep financial trouble. Relying on Medicaid in the future in the face of increasing number of elderly needing long-term care is pretty risky.

Finally, the health care system as a whole is imploding with 44 million people uninsured and double-digit inflation. The health care system will have to be overhauled. Therefore we should make sure that long-term care is also overhauled as part of the health care system.

I believe that comprehensive reform of the health care system, including long-term care, holds out the best hope for putting long-term care on a stable funding source. This means that we will have to fund health care and long-term care out of the federal income tax or a dedicated revenue source which is progressive in nature.

I do not see expanding Medicare to cover long-term care as a viable alternative given that Medicare financing is also in trouble.